

Step by Step Instruction: How to Complete the Excess Cash Spending Plan

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Step by Step Instruction: How to Complete the Excess Cash Spending Plan is intended for the School Food Authorities in the state of Arizona. All regulations are specific to operating the National School Lunch Program under the direction of the Arizona Department of Education.

Step by Step Instruction: How to Complete the Excess Cash Spending Plan

Intended Audience and Content

- This *How-To-Guide* is intended for Local Educational Agencies (LEAs) operating the National School Lunch Program (NSLP) who have received an Excess Cash Notice and are required to complete the *Excess Cash Spending Plan* due to having excess cash in the Nonprofit School Food Service Account (NSFSA).
- The following slides provide guidance on how to properly complete the *Excess Cash Spending Plan* that will be required to submit to the Arizona Department of Education (ADE) for approval.
- Attendees are expected to be familiar with NSFSA requirements as set forth in §210.14 prior to reviewing this *How-To-Guide*.

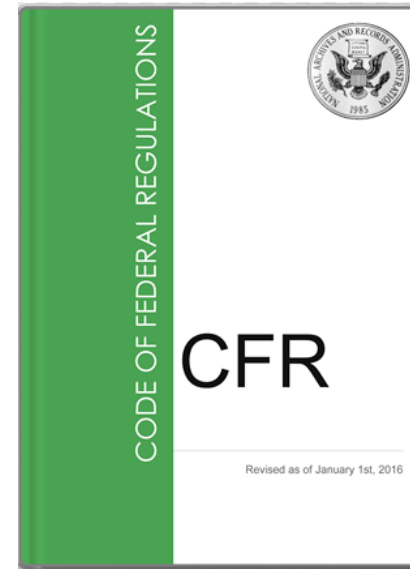
Step by Step Instruction: How to Complete the Excess Cash Spending Plan

Objectives

At the end of this training, attendees should be able to:

- understand the requirements of the Nonprofit School Food Service Account;
- locate the *Excess Cash Spending Plan* on the Arizona Department of Education (ADE) website;
- recognize the timeframe of when the *Excess Cash Spending Plan* should be submitted for approval to ADE;
- utilize the *Net Cash Resources Worksheet* to calculate the amount of excess net cash resources available in Nonprofit School Food Service Account; and
- complete an *Excess Cash Spending Plan* based on their own financial standing.

*Step by Step
Instruction:
How to
Complete the
Excess Cash
Spending Plan*

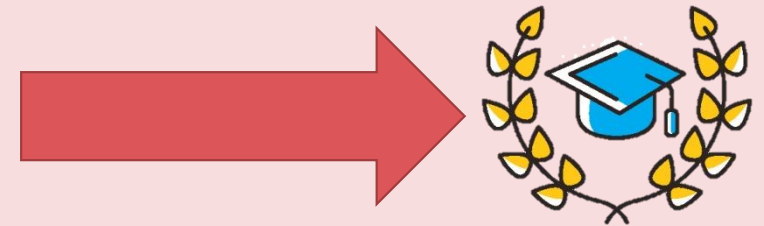


The instruction within this *How-To-Guide* is based on guidance from the Code of Federal Regulations (CFR), §210.14 Resource Management.

It is recommended to review these regulations in addition to reviewing this course for complete guidance on maintaining a nonprofit school food service account.

Comprehension Check

- Throughout this guide there will be comprehension quiz questions to test your knowledge and help you apply what you're learning.
- Be sure to review these quiz questions and the answers, available within the guide.
- This icon will indicate a comprehension quiz question, and the background of the slides will be a light salmon like you see on this slide.



Step by Step Instruction: How to Complete the Excess Cash Spending Plan

Definitions

School Food Authority (SFA): The governing body which is responsible for the administration of one or more schools; and has the legal authority to operate the Child Nutrition Programs (CNP). The SFA is responsible for maintaining the NSFSA and observing the requirements for and limitations on the use of nonprofit school food service revenues set forth in §210.14.

Nonprofit School Food Service Account (NSFSA): The restricted account in which the revenue from all food service operations conducted by the SFA principally for the benefit of school children is retained and used only for the operation or improvement of the nonprofit school food service. This account shall include, as appropriate, non-Federal funds used to support paid lunches as provided in §210.14(e), and proceeds from nonprogram foods as provided in §210.14(f).

Step by Step Instruction: How to Complete the Excess Cash Spending Plan

Definitions

Net Cash Resources: All monies that are available to or have accrued to a SFA's nonprofit school food service at any given time, less cash payable. Such monies may include, but are not limited to, cash on hand, cash receivable, earnings on investments, cash on deposit and the value of stocks, bonds or other negotiable securities. Also sometimes referred to as the fund balance.

Acquisition Cost: The costs of the asset including the cost to ready the asset for its intended use. Acquisition costs for equipment, for example, means the net invoice price of the equipment, including the costs of any modifications.

Step by Step Instruction: How to Complete the Excess Cash Spending Plan

The Step by Step Instruction will review:

Nonprofit School Food Service Account Requirements	Slides 9 – 12
Excess Cash Notices	Slides 13 – 16
The Excess Cash Spending Plan	Slides 17 – 21
Step 1: Net Cash Resources Worksheet	Slides 22 – 42
Step 2: Spending Plan for Excess Cash	Slides 43 – 56
Step 3: Capital Expenditure Pre-Approval Request Form	Slides 57 – 60
Submitting the Excess Cash Spending Plan	Slides 61 – 63

*The following slides will only cover how-to instructions for completing the Excess Cash Spending Plan Form. **Please refer to §210.14 Resource management for NSFSA requirements.***

Nonprofit School Food Service Account Requirements

Nonprofit School Food Service Account Requirements

Food Program Permanent Service Agreement

In the agreement to participate in School Nutrition Programs (SNP), the SFA agrees to:

- uphold a NSFSA;
- maintain a financial management system that documents the revenues and expenses of the school food service, in accordance with United States Department of Agriculture (USDA) and ADE requirements; and
- limit net cash resources in the NSFSA to an amount that does not exceed three months' average expenditures for the school food service.

Nonprofit School Food Service Account Requirements

Maintaining the Nonprofit Status

To maintain the nonprofit status of the SNP, the **net cash resources** (or the fund balance in the NSFSA) must not exceed three months' average expenditures.

If an excess balance should occur and the SFA has not immediately taken steps to reduce the balance, the SFA will be notified to complete and submit the *Excess Cash Spending Plan* detailing how the excess cash will be spent.

Nonprofit School Food Service Account Requirements

Determining Excess Cash

Federal regulations (7 CFR 210.19(a)(1)) require State agencies to monitor the level of net cash resources in an SFA's food service fund, requiring that the level not exceed three month's average expenditures.

At the end of each fiscal year, ADE will determine if SFAs had net cash resources in excess of three months' average expenditures.

Any SFAs with excess cash will receive an Excess Cash Notice via certified mail requiring them to complete the *Excess Cash Spending Plan*.

Excess Cash Notices

Excess Cash Notices

Timeline of the Excess Cash Notice

ADE utilizes the Food Service Annual Financial Report (FSAFR) that is due in October of each year to determine the amount of excess cash an SFA may have.

Excess Cash Notices are typically sent out in the beginning of **January** each year. Dependent on the year, notices may be sent out after the month of January if the FSAFR is submitted late to ADE Grants Management.

- Please note that FSAFRs are submitted to the Grants Management team at ADE, not the SNP team.
- Both teams work closely together to ensure all SFA deadlines are being met and Excess Cash Notices are being sent as early as possible.

Excess Cash Notices

Excess Cash Notice Information

The Excess Cash Notice contains the following information:

- SFA program contact name and title
- Amount of excess cash available to the SFA
- Due date for completing the *Excess Cash Spending Plan*
- The SFA's assigned SNP Specialist for if assistance is needed



Excess Cash Notices

Data Collection and Compliance

To ensure compliance with net cash resources requirements, ADE has provided the *Excess Cash Spending Plan* to assist SFAs in creating a spending plan for excess cash.

This form must be completed each year by the due date listed on the Excess Cash Notice and an ADE approved copy of this form must be kept on file for a minimum of **five years**.

The Excess Cash Spending Plan

The Excess Cash Spending Plan

Completing the Excess Cash Spending Plan

The remainder of this training will provide you with instruction on how to locate and properly complete the *Excess Cash Spending Plan*. The *Excess Cash Spending Plan* is found on the [Program Forms webpage](#).

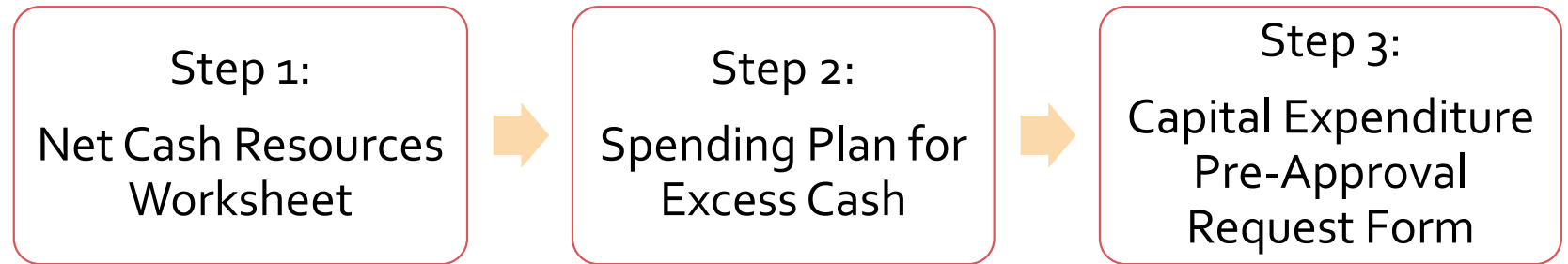
- Scroll down to locate the Financial Forms and Instructions header and click on the *Excess Cash Spending Plan*.
- To best understand how to complete the *Excess Cash Spending Plan*, it is recommended to print or have the form displayed on your desktop while reviewing the following slides.

NET CASH RESOURCES WORKSHEET	
School Food Authority (SFA):	
CTOW:	
Date:	
Net Cash Resources = Current Assets* - Current Liabilities*	
Current Assets*	
(Total Nonprofit Food Service Revenues)	
Current Liabilities*	
(Total Nonprofit Food Service Expenses)	
Net Cash Resources	\$ 0.00
Average Monthly Expenditures = Current Liabilities divided by total number of Operating Months*	
Three Month's Average Expenditures = Average Monthly Expenditures multiplied by 3	
Current Liabilities	
Number of Operating Months*	
Average Monthly Expenditures	
Three Month's Average Expenditures	
Excess Net Cash Resources = Net Cash Resources - Three Month's Average Expenditures	
Net Cash Resources	\$ 0.00
Three Month's Average Expenditures	
Excess Net Cash Resources	\$ 0.00
If the Excess Net Cash Resources box reflects a positive amount, please fill out and submit the attached spending plan detailing how the excess amount will be reduced. If the Excess Net Cash Resources box reflects a negative amount, the excess cash has been eliminated and no further action is required.	
Signature of SFA Authorized Signer	Date
Signature of Authorized School Nutrition Programs Representative	Date
*Definitions:	
Current Assets: all monies received by or accruing to the nonprofit school food service account, including but not limited to meal payments, earnings on investments, other local revenues, and Federal cash reimbursements.	
Current Liabilities: total expenses incurred in the operation or improvement of the nonprofit food service program, including but not limited to salaries, benefits, food costs, professional fees, cleaning, maintenance, repairs, equipment purchases, and indirect costs.	
Operating Months: is equal to the number of months spent operating the National School Lunch Program (NSLP) and/or School Breakfast Program (SBP) to date. For example, if it is March and the first month of operation for your food service program was August, the number of operating months would be 8.	
This institution is an equal opportunity provider.	

Excess Cash Spending Plan

The Excess Cash Spending Plan

Steps of the Excess Cash Spending Plan

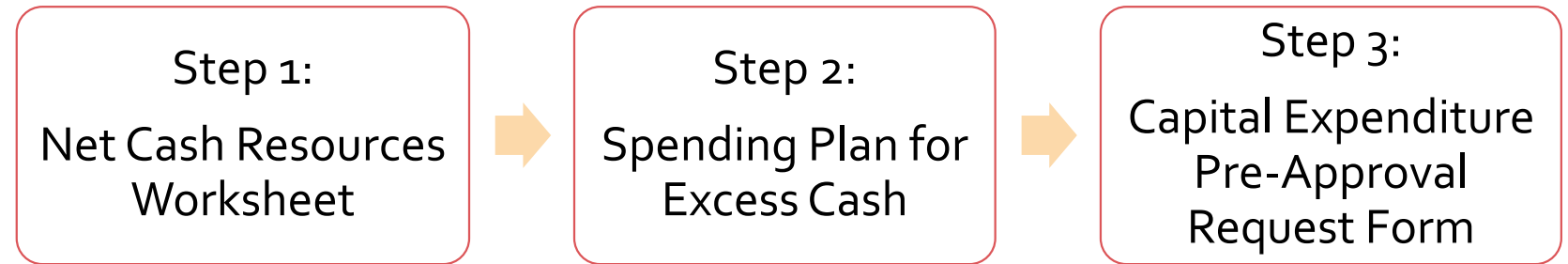


There are three possible steps when completing the *Excess Cash Spending Plan*. All SFAs who have received an Excess Cash Notice are required to complete Step 1 and submit the *Net Cash Resources Worksheet* to their assigned SNP specialist.

Step 2 and 3 may be required depending on the outcome of the completion of the *Net Cash Resources Worksheet*.

The Excess Cash Spending Plan

Steps of the Excess Cash Spending Plan



Step 1: Net Cash Resources Worksheet

- SFAs will calculate the amount of excess cash currently on hand, if any.

Step 2: Spending Plan for Excess Cash

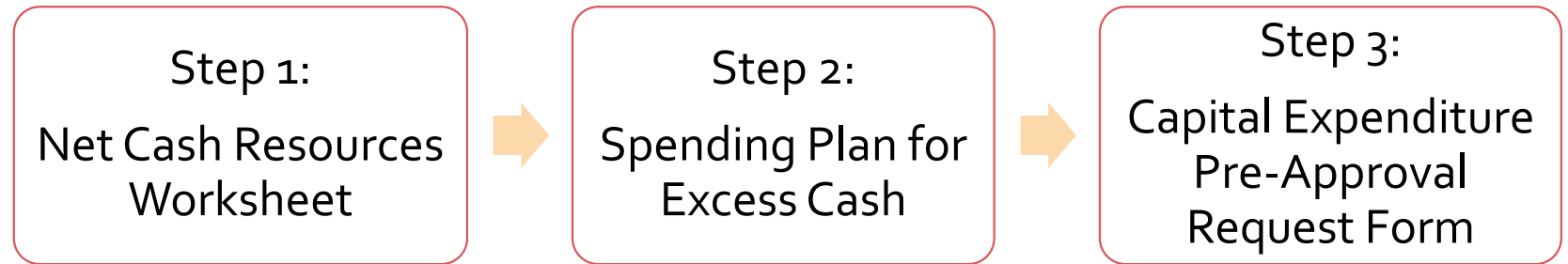
- SFAs will create a plan to spend down any excess cash.

Step 3: Capital Expenditure Pre-Approval Request Form

- SFAs will request pre-approval for equipment purchases outlined in their spending plan that are not on the Pre-Approved Capital Equipment List.

The Excess Cash Spending Plan

Excess Cash Spending Plan Deadline



The *Excess Cash Spending Plan* must be completed and submitted to your assigned SNP specialist by the due date listed on the Excess Cash Notice that the SFA received via certified mail as explained in the previous slides.



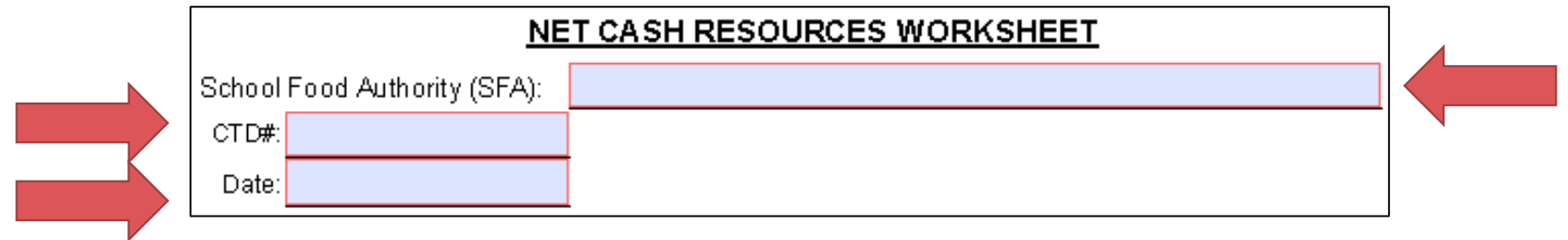
Step 1: Net Cash Resources Worksheet

Step 1: Net Cash Resources Worksheet

Beginning the Worksheet

At this time please have the *Net Cash Resources Worksheet* displayed in front of you or have your printed version ready to complete.

- The first task in completing the *Net Cash Resources Worksheet* is to complete the header displayed below.



The diagram illustrates the header section of the 'NET CASH RESOURCES WORKSHEET'. It features a rectangular box with a black border. Inside the box, the title 'NET CASH RESOURCES WORKSHEET' is centered at the top. Below the title, there are three input fields: 'School Food Authority (SFA):', 'CTD#:', and 'Date:'. Each label is followed by a light blue rectangular input area. To the left of the box, two red arrows point towards the 'CTD#' and 'Date' fields. To the right of the box, a single red arrow points towards the 'SFA' field.

<u>NET CASH RESOURCES WORKSHEET</u>	
School Food Authority (SFA):	
CTD#:	
Date:	

Step 1: Net Cash Resources Worksheet

Net Cash Resources

The first box shown on the *Net Cash Resources Worksheet* is where the net cash resources will need to be calculated. To complete this box you will need the following information:

- Current Assets* (Total Nonprofit Food Service Revenues)
- Current Liabilities* (Total Nonprofit Food Service Expenses)

Net Cash Resources = Current Assets* – Current Liabilities*	
Current Assets* (Total Nonprofit Food Service Revenues)	
Current Liabilities* (Total Nonprofit Food Service Expenses)	
Net Cash Resources	\$ 0.00

Total Nonprofit Food
Service Revenues

Step 1: Net Cash Resources Worksheet

Total Nonprofit Food Service Revenues

The current **assets**, or the total nonprofit food service **revenues**, are all monies received by or accruing to a nonprofit school food service account. This includes, but is not limited to, meal payments, earnings on investments, other local revenues and other Federal cash reimbursements.

In other words, any money that has been received or added to the NSFSA from the beginning of the school year until the most recently completed month should be included in the total revenues.

- Example: If a school began operating in August and is completing the *Net Cash Resources Worksheet* in February, the current assets would be considered all monies received from August to the end January.



Total Nonprofit Food Service Expenses

Step 1: Net Cash Resources Worksheet

Total Nonprofit Food Service Expenses

The current **liabilities**, or the total nonprofit food service **expenses**, are the total expenses incurred in the operation or improvement of the nonprofit food service program including, but not limited to, salaries, benefits, food costs, professional services, cleaning, maintenance, repairs, equipment purchases and indirect costs.

In other words, any money that has been spent for the operation of the NSFSA from the beginning of the school year until the most recently completed month should be included in the total expenses.

- Example: If a school began operating in August and is completing the *Net Cash Resources Worksheet* in February, the current liabilities would be considered all monies spent from August to the end January.



Step 1: Net Cash Resources Worksheet

Net Cash Resources Ending Balance

Below is the completed Net Cash Resources box. In this example, you can see that the SFA had a negative ending balance of \$200,000 at the end of January. Please note, the worksheet will do the calculation for you by taking your reported current assets and subtracting your inputted current liabilities.

Net Cash Resources = Current Assets* – Current Liabilities*	
Current Assets* (Total Nonprofit Food Service Revenues)	800,000.00
Current Liabilities* (Total Nonprofit Food Service Expenses)	1,000,000.00
Net Cash Resources	(\$ 200,000.00)

Negative Ending
Balance

Step 1: Net Cash Resources Worksheet

Negative Ending Balances

Stop! Since the SFA had a negative ending balance, they are not required to complete the remaining boxes of the *Net Cash Resources Worksheet*. The negative balance shows that the SFA does not have excess cash at this time.

- If the Net Cash Resources box shows a negative balance, the form is considered complete. An Authorized Signer must sign and date the *Net Cash Resources Worksheet* and email it to the SFA's assigned SNP specialist.

Net Cash Resources = Current Assets* – Current Liabilities*	
Current Assets* (Total Nonprofit Food Service Revenues)	800,000.00
Current Liabilities* (Total Nonprofit Food Service Expenses)	1,000,000.00
Net Cash Resources	(\$ 200,000.00)

Positive Ending
Balance

Step 1: Net Cash Resources Worksheet

Positive Ending Balance

Continue! Since the SFA had a positive ending balance, they are required to complete the next box on the *Net Cash Resources Worksheet* titled Three Months' Average Expenditures. The positive ending balance shows that the SFA's revenues exceeded their expenditures; therefore, they are required to calculate the dollar amount that shows how much excess cash is in the NSFSA for that SFA.

Net Cash Resources = Current Assets* – Current Liabilities*	
Current Assets* (Total Nonprofit Food Service Revenues)	1,000,000.00
Current Liabilities* (Total Nonprofit Food Service Expenses)	800,000.00
Net Cash Resources	\$ 200,000.00



Comprehension Check

Elementary School District A just completed the Net Cash Resources box on the *Net Cash Resources Worksheet* and found there is a negative ending balance in the NSFSA. How should they proceed?

- A. Continue completing the rest of the *Excess Cash Spending Plan*.
- B. Continue completed the rest of the *Net Cash Resources Worksheet*.
- C. Have an Authorized Signer sign and date the *Net Cash Resources Worksheet* and email it to their assigned SNP specialist.



Comprehension Check

Elementary School District A just completed the Net Cash Resources box on the *Net Cash Resources Worksheet* and found there is a negative ending balance in the NSFSA. How should they proceed?

- A. Continue completing the rest of the *Excess Cash Spending Plan*.
- B. Continue completed the rest of the *Net Cash Resources Worksheet*.
- C. Have an Authorized Signer sign and date the *Net Cash Resources Worksheet* and email it to their assigned SNP specialist.**

If a negative ending balance is shown in the Net Cash Resources box, the *Excess Cash Spending Plan* is considered complete and the SFA is only required to submit the *Net Cash Resources Worksheet* to ADE for approval.



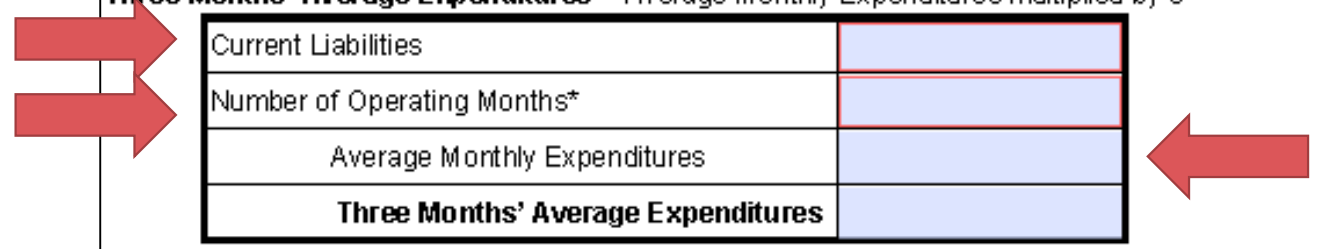
Step 1: Net Cash Resources Worksheet

Three Months' Average Expenditures

For SFAs who had a positive balance, the second box shown on the *Net Cash Resources Worksheet* is where the three months' average expenditures will need to be calculated. To complete this box, you will need the following information:

- Current Liabilities
- Number of Operating Months
- Average Monthly Expenditures

Average Monthly Expenditures = Current Liabilities divided by total number of Operating Months*	
Three Months' Average Expenditures = Average Monthly Expenditures multiplied by 3	
Current Liabilities	
Number of Operating Months*	
Average Monthly Expenditures	
Three Months' Average Expenditures	



Step 1: Net Cash Resources Worksheet

Current Liabilities

As needed in the Net Cash Resources box, the current liabilities must be listed in the Three Months' Average Expenditures box. Please ensure that the amount entered in both boxes match.

Net Cash Resources = Current Assets* – Current Liabilities*

Current Assets* (Total Nonprofit Food Service Revenues)	1,000,000.00
Current Liabilities* (Total Nonprofit Food Service Expenses)	800,000.00
Net Cash Resources	\$ 200,000.00

Average Monthly Expenditures = Current Liabilities divided by total number of Operating Months*

Three Months' Average Expenditures = Average Monthly Expenditures multiplied by 3

Current Liabilities	800,000.00
Number of Operating Months*	
Average Monthly Expenditures	
Three Months' Average Expenditures	

Step 1: Net Cash Resources Worksheet


Number of Operating Months

The next box requires the number of operating months. **Operating months** are equal to the number of months spent operating the NSLP from the beginning of the school year to the current date.

- Example: If it is January and the first month of operation for your food service program was August, the number of operating months would be six.

Average Monthly Expenditures = Current Liabilities divided by total number of Operating Months*

Three Months' Average Expenditures = Average Monthly Expenditures multiplied by 3




Current Liabilities	800,000.00
Number of Operating Months*	6
Average Monthly Expenditures	
Three Months' Average Expenditures	

Step 1: Net Cash Resources Worksheet

Average Monthly Expenditures

In order to calculate the **average monthly expenditures** take the current liabilities and divide it by the number of operating months.

- Example: If the current liabilities from August to January are \$800,000 and the number of operating months is 6, the SFA would divide \$800,000 by 6. This equals \$133,333.33.



Average Monthly Expenditures = Current Liabilities divided by total number of Operating Months*	
Three Months' Average Expenditures = Average Monthly Expenditures multiplied by 3	
Current Liabilities	800,000.00
Number of Operating Months*	6
Average Monthly Expenditures	133,333.33
Three Months' Average Expenditures	

Step 1: Net Cash Resources Worksheet

Three Months' Average Expenditures

In order to calculate the **three months' average expenditures** take the average monthly expenditures and multiply it by 3.

- Example: If the average monthly expenditures are \$133,333.33, the SFA would multiply \$133,333.33 by 3. In this example, the three months' average expenditures would be \$399,999.99.

Average Monthly Expenditures = Current Liabilities divided by total number of Operating Months*

Three Months' Average Expenditures = Average Monthly Expenditures multiplied by 3

Current Liabilities	800,000.00
Number of Operating Months*	6
Average Monthly Expenditures	133,333.33
Three Months' Average Expenditures	399,999.99



Step 1: Net Cash Resources Worksheet

Excess Net Cash Resources

There is one more box on *the Net Cash Resources Worksheet* titled Excess Net Cash Resources. As you can see in the example below, the box has been auto-filled. This box will auto-fill for the SFA once the Net Cash Resources box and the Three Months' Average Expenditures box have been completed.

Excess Net Cash Resources = Net Cash Resources – Three Months' Average Expenditures	
Net Cash Resources	\$ 200,000.00
Three Months' Average Expenditures	399,999.99
Excess Net Cash Resources	(\$ 199,999.99)

As you can see above, the net cash resources are subtracted from the three months' average expenditures. This shows that the excess net cash resources are less than the net cash resources or, in other words, all excess cash has been eliminated. In this example, the SFA will not be required to complete the remaining pages of the *Excess Cash Spending Plan*.

Step 1: Net Cash Resources Worksheet

Net Cash Resources vs. Three Months' Average Expenditures

Another way to check your work is to compare the net cash resources amount to the three months' average expenditures amount as shown below. If the net cash resources is less than the three months' average expenditures, the SFA will have an Authorized Signer sign and date the *Net Cash Resources Worksheet* to email to their assigned SNP specialist for approval.

Net Cash Resources = Current Assets* – Current Liabilities*

Current Assets* (Total Nonprofit Food Service Revenues)	1,000,000.00
Current Liabilities* (Total Nonprofit Food Service Expenses)	800,000.00
Net Cash Resources	\$ 200,000.00

Average Monthly Expenditures = Current Liabilities divided by total number of Operating Months*

Three Months' Average Expenditures = Average Monthly Expenditures multiplied by 3

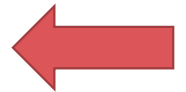
Current Liabilities	800,000.00
Number of Operating Months*	6
Average Monthly Expenditures	133,333.33
Three Months' Average Expenditures	399,999.99

Step 1: Net Cash Resources Worksheet

Net Cash Resources in Excess of Three Months Average

The other scenario that may occur is having a higher amount of net cash resources than the three months' average expenditures. When this occurs, the SFA is required to continue on to Step 2 of the *Excess Cash Spending Plan* where the SFA will be required to develop a spending plan for the excess cash. Please see example below:

Excess Net Cash Resources = Net Cash Resources – Three Months' Average Expenditures	
Net Cash Resources	\$ 200,000.00
Three Months' Average Expenditures	100,000.00
Excess Net Cash Resources	\$ 100,000.00

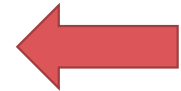


Step 1: Net Cash Resources Worksheet

Comparing Excess Cash Amounts

The examples below demonstrate both scenarios and the next actions that must be taken for both once the *Net Cash Resources Worksheet* has been completed. The top example shows excess cash that has already been spent by the SFA and the bottom example shows excess cash that must be spent by the SFA.

Excess Net Cash Resources = Net Cash Resources – Three Months' Average Expenditures	
Net Cash Resources	\$ 200,000.00
Three Months' Average Expenditures	399,999.99
Excess Net Cash Resources	(\$ 199,999.99)



Example above will sign and submit Net Cash Resources Worksheet to ADE.

Excess Net Cash Resources = Net Cash Resources – Three Months' Average Expenditures	
Net Cash Resources	\$ 200,000.00
Three Months' Average Expenditures	100,000.00
Excess Net Cash Resources	\$ 100,000.00



Example above must continue to Step 2.

Comprehension Check

Elementary School District B just completed the *Net Cash Resources Worksheet* in the *Excess Cash Spending Plan* and found the net cash resources exceeds the three months' average expenditures. How should they proceed?

- A. Have an Authorized Signer sign and date the *Net Cash Resources Worksheet* and email it to their assigned SNP specialist.
- B. Do not submit the *Net Cash Resources Worksheet* but keep it on file for five years.
- C. Continue completing the rest of the *Excess Cash Spending Plan*.



Comprehension Check

Elementary School District B just completed the *Net Cash Resources Worksheet* in the *Excess Cash Spending Plan* and found the net cash resources exceeds the three months' average expenditures. How should they proceed?

- A. Have an Authorized Signer sign and date the *Net Cash Resources Worksheet* and email it to their assigned SNP specialist.
- B. Do not submit the *Net Cash Resources Worksheet* but keep it on file for five years.
- C. Continue completing the rest of the *Excess Cash Spending Plan*.**

Because the SFA has a higher amount of net cash resources than three months' average expenditures, they are required to continue on to Step 2 of the *Excess Cash Spending Plan* and develop a spending plan for the excess cash.



Step 2: Spending Plan for Excess Cash

Step 2: Spending Plan for Excess Cash

Beginning the Spending Plan

At this time, please have the Spending Plan for Excess Cash displayed in front of you or have your printed version ready to complete. It is recommended to have it displayed on your computer to allow certain fields to auto-fill from the *Net Cash Resources Worksheet*.

- The first task in completing the Spending Plan for Excess Cash is to complete the header displayed below.

The diagram shows a rectangular form titled "Spending Plan for Excess Cash". Inside the form, there are three input fields: "School Food Authority (SFA):" followed by a long blue box, "CTD#:" followed by a medium blue box, and "Date:" followed by a medium blue box. A red arrow points from the left towards the "CTD#" field. Two red arrows point from the right towards the "SFA:" and "Date:" fields respectively.

Spending Plan for Excess Cash	
School Food Authority (SFA):	<input type="text"/>
CTD#:	<input type="text"/>
	Date: <input type="text"/>

Step 2: Spending Plan for Excess Cash

Excess Net Cash Resources on the Spending Plan

By filling out the electronic version of the *Net Cash Resources Worksheet*, you will see your figures auto-filled as shown below. In our example shown below, the \$100,000.00 of excess cash has carried over into the Excess Net Cash Resources box on the Spending Plan for Excess Cash. If you are not doing this electronically, please copy your figures over from the Excess Net Cash Resources box on the *Net Cash Resources Worksheet*.

Net Cash Resources	\$ 200,000.00
Three Months' Average Expenditures	100,000.00
Excess Net Cash Resources	\$ 100,000.00



Step 2: Spending Plan for Excess Cash

Outlining Allowable Expenditures

The next field to complete within the Spending Plan for Excess Cash is the Description of Detailed Allowable Expenditures chart.

Description of detailed allowable expenditure(s):			
Description of activity	Unit(s)	Estimated Cost	Time frame
TOTAL		\$ 0.00	

Step 2: Spending Plan for Excess Cash

Spending the Excess Cash

Since program funds must be used for only program purposes, excess net cash resources or excess cash must be used to improve the quality of food served, or to purchase needed supplies, services or equipment.

Some common purchases made with excess cash include:

- Point of sale (POS) systems
- Ovens, refrigerators, freezers, etc.
- Additional staff
- Fresh fruit and vegetables
- Whole-grain menu items
- Digital menus
- Alternative service model equipment such as Grab and Go breakfast carts
- Additional training and professional development for staff



Step 2: Spending Plan for Excess Cash

Allowable and Unallowable Costs

It is important for SFAs to ensure that all purchases made using funds from the NSFSA, including excess cash, are allowable. USDA has provided guidance on how to differentiate between allowable and unallowable costs.

- For more information on what is an allowable cost when using excess cash, please take ADE's training [Step by Step Instruction: How to Complete the Capital Expenditure Pre-Approval Request Form.](#)

The remainder of this section will show proper procedures on how to complete the Spending Plan for Excess Cash.

Completing the
Chart

Description of Activity

Description of Activity

In the first field of the Description of Detailed Allowable Expenditures chart, the **description of activity** will need to be listed. This is where the item the SFA is purchasing will be shown. It is recommended to include the per unit cost if more than one unit is being purchased. If only one unit is being purchased, the SFA can simply write the item name.

Description of detailed allowable expenditure(s):

Description of activity	Unit(s)	Estimated Cost	Time frame
Convection oven (\$7,850 per unit)			
TOTAL			

Step 2: Spending Plan for Excess Cash

Unit(s)

Move to the right of the description of activity where you will input the number of **unit(s)** you will be purchasing. The math will not be done for you via the worksheet which is why it is important to include the per unit cost in the description of activity when more than one unit is being purchased. As you can see in the example below, five convection ovens are planned on being purchased so far.

Description of detailed allowable expenditure(s):			
Description of activity	Unit(s)	Estimated Cost	Time frame
Convection oven (\$7,850)	5		
TOTAL			

Step 2: Spending Plan for Excess Cash

Estimated Cost

Continue moving to the right where you will find the **estimated cost** field. In the example below, we have taken \$7,850.00 and multiplied it by 5 to get an estimated cost of \$39,250.00. If we were only buying one unit, we would simply put an estimated cost of \$7,850.00.

Description of detailed allowable expenditure(s):			
Description of activity	Unit(s)	Estimated Cost	Time frame
Convection oven (\$7,850 per unit)	5	39,250.00	
TOTAL		\$ 39,250.00	

Step 2: Spending Plan for Excess Cash

Estimated Cost Total

When entering the estimated cost, you can also see that the **total** will auto-fill at the bottom. As you enter more estimated cost fields with other items, your total will auto-calculate.

Description of detailed allowable expenditure(s):			
Description of activity	Unit(s)	Estimated Cost	Time frame
Convection oven (\$7,850 per unit)	5	39,250.00	
TOTAL		\$ 39,250.00	

Step 2: Spending Plan for Excess Cash

Time Frame

Continue moving to the right where you will find the **time frame** field. When determining a time frame, keep in mind that excess cash needs to be spent before the program year ends on June 30th. As you can see in the example below, we plan on purchasing these five convection ovens in May 2020.

Description of detailed allowable expenditure(s):			
Description of activity	Unit(s)	Estimated Cost	Time frame
Convection oven (\$7,850 per unit)	5	39,250.00	May 2020
TOTAL		\$ 39,250.00	

Step 2: Spending Plan for Excess Cash

Providing the Narrative

SFAs are required to provide a short narrative of how the above expenses are benefiting the School Nutrition Program(s). Please include a brief description of the item, what it will be used for and how its purchase will benefit your specific food service operation.

- If the per unit cost of the item is \$5,000.00 or more, please note that the item may require pre-approval from ADE. More on this topic is covered in the training listed on slide 48.

Please provide a short narrative of how the above expenses are benefiting the School Nutrition Program(s).

Please complete the Capital Expenditure Pre-Approval Request form for any expenditure with a per unit acquisition cost of \$5,000 or more.

2 CFR 200.439 requires SFAs to obtain prior approval from the state agency for equipment purchases of \$5,000 or more. For purposes of this Federal prior approval requirement, the OMB guidance and Department of Agriculture (USDA) regulations define as "equipment" any item of non-expendable personal property with a useful life of a year or longer and an acquisition cost which equals or exceeds the Federal per-unit capitalization threshold of \$5,000

Step 2: Spending Plan for Excess Cash

Signing the Plan

Before moving on to Step 3 of the *Excess Cash Spending Plan*, ensure that an Authorized Signer signs and dates only the first signature field. The bottom field should be left blank for your assigned SNP specialist to sign for approval.

<small>SIGN HERE</small>		
	Signature of SFA Authorized Signer	Date
<small>SIGN HERE</small>		
	Signature of Authorized School Nutrition Programs Representative	Date
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Step 3: Capital Expenditure Pre-Approval Request Form

Step 3: Capital Expenditure Pre-Approval Request Form

Capital Expenditure Pre-Approval Request Form

The third and final page of the *Excess Cash Spending Plan* is the Capital Expenditure Pre-Approval Request Form. This page is only required if your spending plan contains items that have a per unit acquisition cost of \$5,000.00 or more and are not on the [Pre-Approved Capital Equipment List](#).

- ADE has written a memo on the approval process for capital equipment purchases that can be accessed [here](#).
- For full instruction on the Capital Expenditure Pre-Approval Request Form, take [Step by Step Instruction: How to Complete the Capital Expenditure Pre-Approval Request Form](#).

Capital Expenditure Pre-Approval Request Form

School Food Authority (SFA): CTD#:
Date:

Description of the anticipated capital expenditure
All Capital Expenditures must comply with: CFR 200 and USDA Program regulations (7 CFR Part 2.0, Part 2.16, Part 2.20 and other federally funded programs), guidance and instructions.

Total costs of the capital expenditure, including any acquisition costs
Acquisition cost is the cost of the asset including the cost to put it in place. For example, the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired.

Please read and check the box next to each statement.

☐ I certify that the above referenced capital expenditure is necessary and reasonable for proper and efficient performance and administration of the National School Lunch and Breakfast Programs.

☐ I certify that the above referenced capital expenditure is allocable to the Federal award.
A cost is allocable to a cost objective if the goods or services involve direct charges or are assignable to that Federal award or cost objective in accordance with relative benefits received.

☐ I certify that the above referenced capital expenditure is accorded consistent treatment.
A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purposes in like circumstances has been allocated as an indirect cost.

☐ I certify that the above referenced capital expenditure is not included as a cost used to meet cost sharing or matching requirements of any other Federal award.
A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purposes in like circumstances has been allocated as an indirect cost.

☐ I certify that the above referenced capital expenditure is the net of all applicable credits.

Signature of SFA Authorized Signer Date:
 Signature of Authorized School Nutrition Programs Representative Date:

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Comprehension Check

True or False: Elementary School District C's spending plan contains an equipment item that has a per unit acquisition cost of \$6,500.00 and is not on the Pre-Approved Capital Equipment List; therefore, they are required to request approval from ADE.

- A. True
- B. False



Comprehension Check

True or False: Elementary School District C's spending plan contains an equipment item that has a per unit acquisition cost of \$6,500.00 and is not on the Pre-Approved Capital Equipment List; therefore, they are required to request approval from ADE.

A. True

B. False

Any equipment item that is \$5,000.00 or more per unit and is not already listed on the Pre-Approved Capital Equipment List is required to be submitted to ADE for approval prior to being purchased.



Submitting the Excess Cash Spending Plan

Submitting the Excess Cash Spending Plan

Submitting the Spending Plan

As seen throughout this training, the completion of *Excess Cash Spending Plan* will vary depending on each individual SFA's financial status. There can be three ways an *Excess Cash Spending Plan* can be submitted depending on which steps are required based on the information reported during Step 1. An SFA will either submit their plan including:

- Step 1: Net Cash Resources Worksheet
- Step 1: Net Cash Resources Worksheet and Step 2: Spending Plan for Excess Cash
- Step 1: Net Cash Resources Worksheet, Step 2: Spending Plan for Excess Cash and Step 3: Capital Expenditure Pre-Approval Request Form

Submitting the Excess Cash Spending Plan

Authorized Signing

Regardless of which steps were taken while completing the *Excess Cash Spending Plan*, each plan is required to be sent via email to the SFA's assigned SNP specialist.

Remember that all pages included in your *Excess Cash Spending Plan* must be signed by an Authorized Signer as listed on your Food Program Permanent Service Agreement (FPPSA).

Technical Assistance

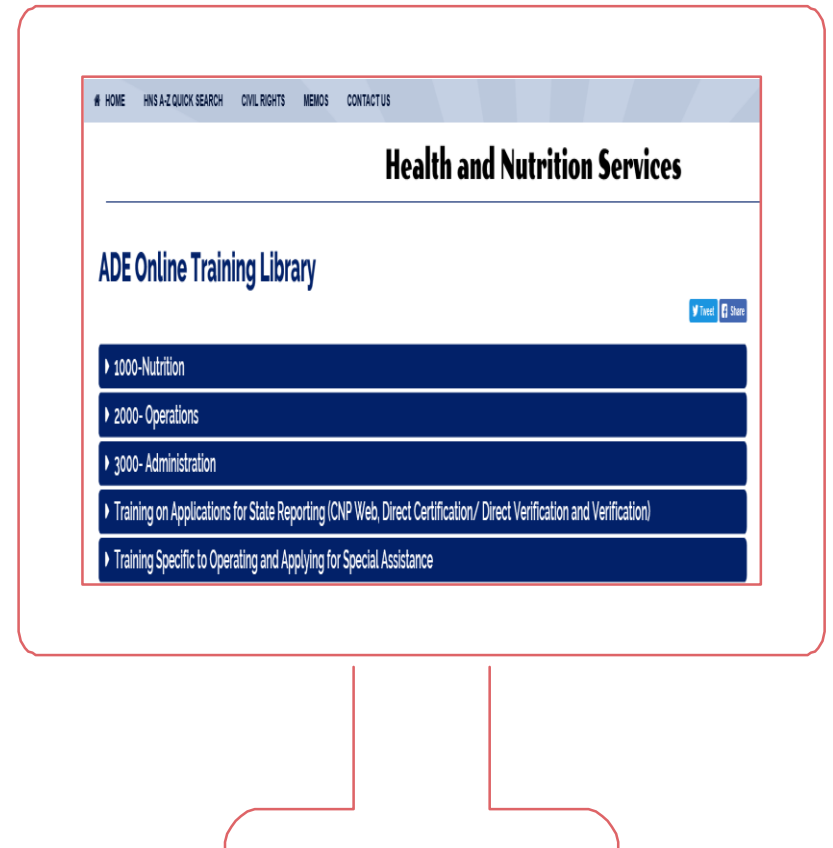
If you have any questions about the Excess Cash Spending Plan please contact your School Nutrition Programs Specialist.

End of Training

ADE Online Training Library

Online trainings are easy to use and available year round. Directors and staff are encouraged to complete these trainings as a way to review previously learned subjects, or as an introduction to a regulation.

Please take some time to browse through the [ADE Online Training Library](#) to review additional resources.



End of Training

Congratulations!

You have completed the ***Step by Step Instruction: How to Complete the Excess Cash Spending Plan.***

In order to count this training towards your Professional Standards training hours, the training content must align with your job duties.

- Information to include when documenting this training for Professional Standards:
 - Training Title: ***Step by Step Instruction: How to Complete the Excess Cash Spending Plan***
 - Learning Code: 3330, 3340, 3360
 - Key Area: 3000- Administration
 - Length: 1 hour
- *Please note, attendees must document the amount of training hours indicated on the training despite the amount of time it takes to complete it.*

**Request a
Certificate**

End of Training

Requesting a Training Certificate

Please click on the link below to complete a brief survey about this training. Once the survey is complete, you will be able to print your certificate of completion from Survey Monkey. *This will not appear in your Event Management System (EMS) Account.*

<https://www.surveymonkey.com/r/OnlineHowToGuides>

The information below is for your reference when completing the survey.

Training Title: ***Step by Step Instruction: How to Complete the Excess Cash Plan***

Professional Standards Learning Code: ***3330, 3340, 3360***

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